

# HOUSE BILL No. 1332

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-3-22-16; IC 4-4; IC 4-22; IC 5-28.

**Synopsis:** Office of small business and entrepreneurship. Codifies the law concerning the office of small business and entrepreneurship. Transfers the small business development center, the small business ombudsman, and the young entrepreneurs program from the Indiana economic development corporation to the office of small business and entrepreneurship by removing or repealing the appropriate provisions in the Indiana economic development corporation law and recodifying them in the law concerning the lieutenant governor. Extends the young entrepreneurs program by two years. Makes conforming changes.

**Effective:** May 1, 2014.

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January 15, 2014, read first time and referred to Committee on Commerce, Small Business and Economic Development.

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Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1332

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-3-22-16, AS AMENDED BY P.L.110-2010,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 MAY 1, 2014]: Sec. 16. (a) As used in this section, "coordinator"  
4 means the following:  
5 (1) A small business regulatory coordinator (as defined in  
6 IC 4-22-2-28.1(b)).  
7 (2) An ombudsman designated under IC 13-28-3-2.  
8 (3) An ombudsman designated under ~~IC 5-28-17-5~~; **IC 4-4-35-8**.  
9 (b) Each coordinator may review proposed legislation affecting the  
10 small businesses that are regulated by the agency or that would be  
11 regulated by the agency under proposed legislation. A coordinator may  
12 submit to the OMB written comments concerning the impact of  
13 proposed legislation on small business.  
14 (c) The OMB may review comments received under subsection (b).  
15 The OMB may amend the comments. After completing its review, the  
16 OMB shall transmit the comments to the legislative services agency for



posting on the general assembly's web site. The comments submitted under this section shall be transmitted electronically in a format suitable for posting to the general assembly's web site as determined by the legislative services agency.

SECTION 2. IC 4-4-35 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2014]:

**Chapter 35. Office of Small Business and Entrepreneurship**

**Sec. 1.** As used in this chapter, "director" refers to the director of the office of small business and entrepreneurship appointed under section 4 of this chapter.

**Sec. 2.** As used in this chapter, "office" refers to the office of small business and entrepreneurship established by section 3 of this chapter.

**Sec. 3.** The office of small business and entrepreneurship is established.

**Sec. 4. (a)** The lieutenant governor shall appoint an individual to be the director of the office.

**(b)** The director:

- (1) serves at the lieutenant governor's pleasure;
- (2) is entitled to receive compensation in an amount set by the lieutenant governor subject to the approval of the budget agency under IC 4-12-1-13; and
- (3) is responsible to the lieutenant governor.

**(c)** The director is the chief executive and administrative officer of the office.

**(d)** The director may appoint employees in the manner provided by IC 4-15-2.2 and fix their compensation, subject to the approval of the budget agency under IC 4-12-1-13.

**(e)** The director may delegate the director's authority to the appropriate office staff.

**Sec. 5.** The office shall do the following:

- (1) Operate the Indiana small business development center.
- (2) Maintain, through the small business development centers, a statewide network of public, private, and educational resources to, among other things, inform small businesses of the state and federal programs under which small businesses may obtain financial assistance or realize reduced costs through programs such as the small employer health insurance pooling program under IC 27-8-5-16(8).
- (3) Employ a small business ombudsman.
- (4) Support the development of small business in Indiana



1 through the Indiana small business development center.

2 (5) Administer the young entrepreneurs program under  
3 IC 4-4-36.

4 (6) Develop and administer programs to support the growth  
5 of small businesses.

6 Sec. 6. The office may operate a small business assistance center  
7 to provide small businesses, including minority owned businesses  
8 and businesses owned by women, with access to managerial and  
9 technical expertise and to provide assistance in resolving problems  
10 encountered by small businesses.

11 Sec. 7. The office has the following:

12 (1) All powers, duties, and responsibilities designated by the  
13 governor or the lieutenant governor, or both, that are  
14 consistent with the exercise of executive authority under the  
15 Constitution of the State of Indiana.

16 (2) All powers, duties, and responsibilities provided to the  
17 office by statute.

18 Sec. 8. The office shall designate an employee to be the small  
19 business ombudsman. The small business ombudsman serves at the  
20 pleasure of the director. The office shall provide staff support to  
21 the small business ombudsman. The small business ombudsman  
22 shall carry out the following duties:

23 (1) Work with state agencies to permit increased enforcement  
24 flexibility and the ability to grant common sense exemptions  
25 for first time offenders of state rules and policies, including,  
26 notwithstanding any other law, policies for the compromise of  
27 interest and penalties related to a listed tax (as defined in  
28 IC 6-8.1-1-1) and other taxes and fees collected or  
29 administered by a state agency.

30 (2) Work with state agencies to seek ways to consolidate forms  
31 and eliminate the duplication of paperwork, harmonize data,  
32 and coordinate due dates.

33 (3) Coordinate with OMB (as defined in IC 4-3-22-3) to  
34 perform cost benefit analyses.

35 (4) Work with state agencies to monitor any outdated,  
36 ineffective, or overly burdensome information requests from  
37 state agencies to small businesses.

38 (5) Carry out the duties specified under IC 4-22-2-28 and  
39 IC 4-22-2.1 to review proposed rules and participate in  
40 rulemaking actions that affect small businesses.

41 (6) Coordinate with the ombudsman designated under  
42 IC 13-28-3-2 and the office of voluntary compliance



established by IC 13-28-1-1 to coordinate the provision of services required under IC 4-22-2-28.1 and IC 13-28-3.

(7) Prepare written and electronic information for periodic distribution to small businesses describing the small business services provided by coordinators (as defined in IC 4-3-22-16) and work with the office of technology established by IC 4-13.1-2-1 to place information concerning the availability of these services on state Internet web sites that the small business ombudsman or a state agency determines are most likely to be visited by small business owners and managers.

(8) Assist in training agency coordinators that are assigned to rules under IC 4-22-2-28.1(e).

(9) Investigate and attempt to resolve any matter regarding compliance by a small business with a law, rule, or policy administered by a state agency, either as a party to a proceeding or as a mediator.

State agencies shall cooperate with the small business ombudsman to carry out the purpose of this section. The department of state revenue and the department of workforce development shall establish a program to distribute the information described in subdivision (7) to small businesses that are required to file returns or information with these state agencies.

**Sec. 9.** The office may adopt rules under IC 4-22-2 to carry out the duties, purposes, and functions of this chapter.

SECTION 3. IC 4-4-36 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2014]:

**Chapter 36. Young Entrepreneurs Program**

**Sec. 1.** As used in this chapter, "office" means the office of small business and entrepreneurship established by IC 4-4-35-3.

**Sec. 2.** As used in this chapter, "young entrepreneur" means an individual who:

(1) is enrolled in a state educational institution and pursuing a major or minor in an entrepreneurial program; or

(2) graduated from a state educational institution with a major or minor in an entrepreneurial program not more than three (3) years before submitting an application to participate in a program established under section 3 of this chapter.

**Sec. 3. (a)** The office shall administer a program to promote young entrepreneurs who wish to start a business in Indiana. The program is the continuation of the program established under IC 5-28-35 (repealed).



1 (b) The office shall cooperate with the office of community and  
2 rural affairs established by IC 4-4-9.7-4 to inform rural  
3 communities of the opportunity to seek economic development  
4 opportunities under the program.

5 (c) Notwithstanding any other law, the office may use any  
6 money available to the corporation under this article to implement  
7 this chapter.

8 Sec. 4. The program administered under this chapter must  
9 include at least one (1) auction per year in which interested  
10 communities and economic development organizations bid on the  
11 opportunity to locate a young entrepreneur's business in the  
12 community or territory served by the economic development  
13 organization.

14 Sec. 5. A young entrepreneur who wishes to participate in the  
15 program must apply on a form prescribed by the office. The  
16 application must describe the young entrepreneur's proposals for  
17 starting a business in Indiana, including start up needs for the  
18 proposed business and the applicant's preferred locations.

19 Sec. 6. The office shall review the applications submitted under  
20 section 5 of this chapter and select the young entrepreneurs  
21 permitted to participate in an auction conducted under section 7 of  
22 this chapter.

23 Sec. 7. The office shall publicly announce the office's intent to  
24 conduct an auction and the auction guidelines. The office may  
25 conduct an auction held under this section in person or in an online  
26 format at a state educational institution or a state government  
27 location in Indianapolis.

28 Sec. 8. (a) Communities and economic development  
29 organizations may submit bids to the office for the auction  
30 consistent with the guidelines announced by the office. The office  
31 shall review each bid submitted at the auction to identify the  
32 communities and economic development organizations that  
33 submitted bids that meet or exceed the needs of the selected young  
34 entrepreneurs.

35 (b) The office shall review the bids identified under subsection  
36 (a) and assist the young entrepreneur in selecting a winning  
37 community or economic development organization from among the  
38 identified bids. A bid selected by a young entrepreneur under this  
39 subsection is legally binding upon the parties in accordance with  
40 the terms of the selected bid.

41 Sec. 9. The office may assist each young entrepreneur selected  
42 to participate in the program with the development of the young



entrepreneur's business proposal to ensure that each proposal is professionally presented to interested bidders.

**Sec. 10. The office shall conduct a preview event before an auction held under section 7 of this chapter. The preview event must be designed to introduce the young entrepreneurs selected for the auction to interested communities and economic development organizations. The preview event may be held at a state educational institution or a state government location in Indianapolis.**

**Sec. 11. The office of community and rural affairs shall assist rural communities and economic development organizations serving rural communities in reviewing business proposals and preparing bids for an auction held under section 7 of this chapter.**

**Sec. 12. The office may impose a reasonable fee on a community or economic development organization that participates in an auction conducted under this chapter.**

**Sec. 13. This chapter expires December 31, 2016.**

SECTION 4. IC 4-22-2-28, AS AMENDED BY P.L.291-2013, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2014]: Sec. 28. (a) The following definitions apply throughout this section:

(1) "Ombudsman" refers to the small business ombudsman designated under ~~IC 5-28-17-5~~; **IC 4-4-35-8**.

(2) "Total estimated economic impact" means the direct annual economic impact of a rule on all regulated persons after the rule is fully implemented under subsection (g).

(b) The ombudsman:

(1) shall review a proposed rule that:

(A) imposes requirements or costs on small businesses (as defined in IC 4-22-2.1-4); and

(B) is referred to the ombudsman by an agency under IC 4-22-2.1-5(c); and

(2) may review a proposed rule that imposes requirements or costs on businesses other than small businesses (as defined in IC 4-22-2.1-4).

After conducting a review under subdivision (1) or (2), the ombudsman may suggest alternatives to reduce any regulatory burden that the proposed rule imposes on small businesses or other businesses. The agency that intends to adopt the proposed rule shall respond in writing to the ombudsman concerning the ombudsman's comments or suggested alternatives before adopting the proposed rule under section 29 of this chapter.



(c) Subject to subsection (e) and not later than fifty (50) days before the public hearing for a proposed rule required by section 26 of this chapter, an agency shall submit the proposed rule to the office of management and budget for a review under subsection (d), if the agency proposing the rule determines that the rule will have a total estimated economic impact greater than five hundred thousand dollars (\$500,000) on all regulated persons. In determining the total estimated economic impact under this subsection, the agency shall consider any applicable information submitted by the regulated persons affected by the rule. To assist the office of management and budget in preparing the fiscal impact statement required by subsection (d), the agency shall submit, along with the proposed rule, the data used and assumptions made by the agency in determining the total estimated economic impact of the rule.

(d) Except as provided in subsection (e), before the adoption of the rule, and not more than forty-five (45) days after receiving a proposed rule under subsection (c), the office of management and budget shall prepare, using the data and assumptions provided by the agency proposing the rule, along with any other data or information available to the office of management and budget, a fiscal impact statement concerning the effect that compliance with the proposed rule will have on:

(1) the state; and

(2) all persons regulated by the proposed rule.

The fiscal impact statement must contain the total estimated economic impact of the proposed rule and a determination concerning the extent to which the proposed rule creates an unfunded mandate on a state agency or political subdivision. The fiscal impact statement is a public document. The office of management and budget shall make the fiscal impact statement available to interested parties upon request and to the agency proposing the rule. The agency proposing the rule shall consider the fiscal impact statement as part of the rulemaking process and shall provide the office of management and budget with the information necessary to prepare the fiscal impact statement, including any economic impact statement prepared by the agency under IC 4-22-2.1-5. The office of management and budget may also receive and consider applicable information from the regulated persons affected by the rule in preparation of the fiscal impact statement.

(e) With respect to a proposed rule subject to IC 13-14-9:

(1) the department of environmental management shall give written notice to the office of management and budget of the proposed date of preliminary adoption of the proposed rule not





less than sixty-six (66) days before that date; and

(2) the office of management and budget shall prepare the fiscal impact statement referred to in subsection (d) not later than twenty-one (21) days before the proposed date of preliminary adoption of the proposed rule.

(f) In determining whether a proposed rule has a total estimated economic impact greater than five hundred thousand dollars (\$500,000), the agency proposing the rule shall consider the impact of the rule on any regulated person that already complies with the standards imposed by the rule on a voluntary basis.

(g) For purposes of this section, a rule is fully implemented after:

(1) the conclusion of any phase-in period during which:

(A) the rule is gradually made to apply to certain regulated persons; or

(B) the costs of the rule are gradually implemented; and

(2) the rule applies to all regulated persons that will be affected by the rule.

In determining the total estimated economic impact of a proposed rule under this section, the agency proposing the rule shall consider the annual economic impact on all regulated persons beginning with the first twelve (12) month period after the rule is fully implemented. The agency may use actual or forecasted data and may consider the actual and anticipated effects of inflation and deflation. The agency shall describe any assumptions made and any data used in determining the total estimated economic impact of a rule under this section.

(h) This subsection applies to any proposed rule submitted under this section or section 40 of this chapter to the office of management and budget after June 30, 2013. An agency shall provide the administrative rules oversight committee with any analysis, data, and description of assumptions submitted to the office of management and budget under this section or section 40 of this chapter at the same time the agency submits the information to the office of management and budget. The office of management and budget shall provide the administrative rules oversight committee with any fiscal impact statement and related supporting documentation prepared by the office of management and budget under this section or section 40 of this chapter at the same time the office of management and budget provides the fiscal impact statement to the agency proposing the rule. Information submitted under this subsection must identify the rule to which the information is related by document control number assigned by the publisher.

(i) This subsection applies to any analysis completed after June 30,



2013, to comply with a statute described in this subsection. An agency shall provide the administrative rules oversight committee with any economic impact or fiscal impact statement, including any supporting data, studies, or analysis, prepared for a rule proposed by the agency or subject to readoption by the agency to comply with:

(1) a requirement in section 19.5 of this chapter to minimize the expenses to regulated entities that are required to comply with the rule;

(2) a requirement in section 24 of this chapter to publish a justification of any requirement or cost that is imposed on a regulated entity under the rule;

(3) a requirement in IC 4-22-2.1-5 to prepare a statement that describes the annual economic impact of a rule on all small businesses after the rule is fully implemented;

(4) a requirement in IC 4-22-2.5-3.1 to conduct a review to consider whether there are any alternative methods of achieving the purpose of the rule that are less costly or less intrusive, or that would otherwise minimize the economic impact of the proposed rule on small businesses;

(5) a requirement in IC 13-14-9-3 or IC 13-14-9-4 to publish information concerning the fiscal impact of a rule or alternatives to a rule subject to these provisions; or

(6) a requirement under any other law to conduct an analysis of the cost, economic impact, or fiscal impact of a rule;

regardless of whether the total estimated economic impact of the proposed rule is more than five hundred thousand dollars (\$500,000), as soon as practicable after the information is prepared. Information submitted under this subsection must identify the rule to which the information is related by document control number assigned by the publisher.

SECTION 5. IC 4-22-2-28.1, AS AMENDED BY P.L.133-2012, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2014]: Sec. 28.1. (a) This section applies to the following:

(1) A rule for which the notice required by section 23 of this chapter or by IC 13-14-9-3 is published by an agency or the board (as defined in IC 13-13-8-1).

(2) A rule for which:

(A) the notice required by IC 13-14-9-3; or

(B) an appropriate later notice for circumstances described in subsection (g);

is published by the department of environmental management after June 30, 2006.



(b) As used in this section, "coordinator" refers to the small business regulatory coordinator assigned to a rule by an agency under subsection (e).

(c) As used in this section, "director" refers to the director or other administrative head of an agency.

(d) As used in this section, "small business" has the meaning set forth in IC 5-28-2-6.

(e) For each rulemaking action and rule finally adopted as a result of a rulemaking action by an agency under this chapter, the agency shall assign one (1) staff person to serve as the agency's small business regulatory coordinator with respect to the proposed or adopted rule. The agency shall assign a staff person to a rule under this subsection based on the person's knowledge of, or experience with, the subject matter of the rule. A staff person may serve as the coordinator for more than one (1) rule proposed or adopted by the agency if the person is qualified by knowledge or experience with respect to each rule. Subject to subsection (f):

(1) in the case of a proposed rule, the notice of intent to adopt the rule published under section 23 of this chapter; or

(2) in the case of a rule proposed by the department of environmental management or the board (as defined in IC 13-13-8-1), the notice published under IC 13-14-9-3 or the findings published under IC 13-14-9-8(b)(1), whichever applies; must include the name, address, telephone number, and electronic mail address of the small business coordinator for the proposed rule, the name, address, telephone number, and electronic mail address of the small business ombudsman designated under ~~IC 5-28-17-5~~, **IC 4-4-35-8**, and a statement of the resources available to regulated entities through the small business ombudsman designated under ~~IC 5-28-17-5~~. **IC 4-4-35-8**. Subject to subsection (f), in the case of a rule finally adopted, the final rule, as published in the Indiana Register, must include the name, address, telephone number, and electronic mail address of the coordinator.

(f) This subsection applies to a rule adopted by the department of environmental management or the board (as defined in IC 13-13-8-1) under IC 13-14-9. Subject to subsection (g), the department shall include in the notice provided under IC 13-14-9-3 or in the findings published under IC 13-14-9-8(b)(1), whichever applies, and in the publication of the final rule in the Indiana Register:

(1) a statement of the resources available to regulated entities through the technical and compliance assistance program established under IC 13-28-3;



(2) the name, address, telephone number, and electronic mail address of the ombudsman designated under IC 13-28-3-2;

(3) if applicable, a statement of:

(A) the resources available to small businesses through the small business stationary source technical assistance program established under IC 13-28-5; and

(B) the name, address, telephone number, and electronic mail address of the ombudsman for small business designated under IC 13-28-5-2(3); and

(4) the information required by subsection (e).

The coordinator assigned to the rule under subsection (e) shall work with the ombudsman described in subdivision (2) and the office of voluntary compliance established by IC 13-28-1-1 to coordinate the provision of services required under subsection (h) and IC 13-28-3. If applicable, the coordinator assigned to the rule under subsection (e) shall work with the ombudsman referred to in subdivision (3)(B) to coordinate the provision of services required under subsection (h) and IC 13-28-5.

(g) If the notice provided under IC 13-14-9-3 is not published as allowed by IC 13-14-9-7, the department of environmental management shall publish in the notice provided under IC 13-14-9-4 the information that subsection (f) would otherwise require to be published in the notice under IC 13-14-9-3. If neither the notice under IC 13-14-9-3 nor the notice under IC 13-14-9-4 is published as allowed by IC 13-14-9-8, the department of environmental management shall publish in the commissioner's written findings under IC 13-14-9-8(b) the information that subsection (f) would otherwise require to be published in the notice under IC 13-14-9-3.

(h) The coordinator assigned to a rule under subsection (e) shall serve as a liaison between the agency and any small business subject to regulation under the rule. The coordinator shall provide guidance to small businesses affected by the rule on the following:

(1) Any requirements imposed by the rule, including any reporting, record keeping, or accounting requirements.

(2) How the agency determines or measures compliance with the rule, including any deadlines for action by regulated entities.

(3) Any penalties, sanctions, or fines imposed for noncompliance with the rule.

(4) Any other concerns of small businesses with respect to the rule, including the agency's application or enforcement of the rule in particular situations. However, in the case of a rule adopted under IC 13-14-9, the coordinator assigned to the rule may refer



1 a small business with concerns about the application or  
 2 enforcement of the rule in a particular situation to the ombudsman  
 3 designated under IC 13-28-3-2 or, if applicable, under  
 4 IC 13-28-5-2(3).

5 (i) The coordinator assigned to a rule under subsection (e) shall  
 6 provide guidance under this section in response to questions and  
 7 concerns expressed by small businesses affected by the rule. The  
 8 coordinator may also issue general guidelines or informational  
 9 pamphlets to assist small businesses in complying with the rule. Any  
 10 guidelines or informational pamphlets issued under this subsection  
 11 shall be made available:

12 (1) for public inspection and copying at the offices of the agency  
 13 under IC 5-14-3; and

14 (2) electronically through electronic gateway access.

15 (j) The coordinator assigned to a rule under subsection (e) shall  
 16 keep a record of all comments, questions, and complaints received  
 17 from small businesses with respect to the rule. The coordinator shall  
 18 deliver the record, along with any accompanying documents submitted  
 19 by small businesses, to the director:

20 (1) not later than ten (10) days after the date on which the rule is  
 21 submitted to the publisher under section 35 of this chapter; and

22 (2) before July 15 of each year during which the rule remains in  
 23 effect.

24 The coordinator and the director shall keep confidential any  
 25 information concerning a small business to the extent that the  
 26 information is exempt from public disclosure under IC 5-14-3-4.

27 (k) Not later than November 1 of each year, the director shall:

28 (1) compile the records received from all of the agency's  
 29 coordinators under subsection (j);

30 (2) prepare a report that sets forth:

31 (A) the number of comments, complaints, and questions  
 32 received by the agency from small businesses during the most  
 33 recent state fiscal year, categorized by the subject matter of the  
 34 rules involved;

35 (B) the number of complaints or questions reported under  
 36 clause (A) that were resolved to the satisfaction of the agency  
 37 and the small businesses involved;

38 (C) the total number of staff serving as coordinators under this  
 39 section during the most recent state fiscal year;

40 (D) the agency's costs in complying with this section during  
 41 the most recent state fiscal year; and

42 (E) the projected budget required by the agency to comply



with this section during the current state fiscal year; and  
 (3) deliver the report to the legislative council in an electronic  
 format under IC 5-14-6 and to the small business ombudsman  
 designated by IC 5-28-17-5. **under IC 4-4-35-8.**

SECTION 6. IC 4-22-2.1-5, AS AMENDED BY P.L.110-2010,  
 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 MAY 1, 2014]: Sec. 5. (a) If an agency intends to adopt a rule under  
 IC 4-22-2 that will impose requirements or costs on small businesses,  
 the agency shall prepare a statement that describes the annual  
 economic impact of a rule on all small businesses after the rule is fully  
 implemented as described in subsection (b). The statement required by  
 this section must include the following:

- (1) An estimate of the number of small businesses, classified by  
 industry sector, that will be subject to the proposed rule.
- (2) An estimate of the average annual reporting, record keeping,  
 and other administrative costs that small businesses will incur to  
 comply with the proposed rule.
- (3) An estimate of the total annual economic impact that  
 compliance with the proposed rule will have on all small  
 businesses subject to the rule. The agency is not required to  
 submit the proposed rule to the office of management and budget  
 for a fiscal analysis under IC 4-22-2-28 unless the estimated  
 economic impact of the rule is greater than five hundred thousand  
 dollars (\$500,000) on all regulated entities, as set forth in  
 IC 4-22-2-28.
- (4) A statement justifying any requirement or cost that is:
  - (A) imposed on small businesses by the rule; and
  - (B) not expressly required by:
    - (i) the statute authorizing the agency to adopt the rule; or
    - (ii) any other state or federal law.

The statement required by this subdivision must include a  
 reference to any data, studies, or analyses relied upon by the  
 agency in determining that the imposition of the requirement or  
 cost is necessary.

(5) A regulatory flexibility analysis that considers any less  
 intrusive or less costly alternative methods of achieving the  
 purpose of the proposed rule. The analysis under this subdivision  
 must consider the following methods of minimizing the economic  
 impact of the proposed rule on small businesses:

- (A) The establishment of less stringent compliance or  
 reporting requirements for small businesses.
- (B) The establishment of less stringent schedules or deadlines



for compliance or reporting requirements for small businesses.

(C) The consolidation or simplification of compliance or reporting requirements for small businesses.

(D) The establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.

(E) The exemption of small businesses from part or all of the requirements or costs imposed by the rule.

If the agency has made a preliminary determination not to implement one (1) or more of the alternative methods considered, the agency shall include a statement explaining the agency's reasons for the determination, including a reference to any data, studies, or analyses relied upon by the agency in making the determination.

(b) For purposes of subsection (a), a proposed rule will be fully implemented with respect to small businesses after:

(1) the conclusion of any phase-in period during which:

(A) the rule is gradually made to apply to small businesses or certain types of small businesses; or

(B) the costs of the rule are gradually implemented; and

(2) the rule applies to all small businesses that will be affected by the rule.

In determining the total annual economic impact of the rule under subsection (a)(3), the agency shall consider the annual economic impact on all small businesses beginning with the first twelve (12) month period after the rule is fully implemented. The agency may use actual or forecasted data and may consider the actual and anticipated effects of inflation and deflation. The agency shall describe any assumptions made and any data used in determining the total annual economic impact of a rule under subsection (a)(3).

(c) The agency shall:

(1) publish the statement required under subsection (a) in the Indiana Register as required by IC 4-22-2-24; and

(2) deliver a copy of the statement, along with the proposed rule, to the small business ombudsman designated under ~~IC 5-28-17-5~~ **IC 4-4-35-8** not later than the date of publication under subdivision (1).

SECTION 7. IC 5-28-5-6.5, AS ADDED BY P.L.56-2009, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2014]: Sec. 6.5. The board shall maintain a small business division ~~including the Small Business Development Center Lead Center~~, to carry out the corporation's duties under IC 5-28-17. The



board shall staff the division with employees of the corporation.

SECTION 8. IC 5-28-17-1, AS AMENDED BY P.L.133-2012, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2014]: Sec. 1. (a) The corporation shall do the following to carry out this chapter:

(1) Contribute to the strengthening of the economy of Indiana by encouraging the organization and development of new business enterprises, including technologically oriented enterprises.

(2) Approve and administer loans from the small business development fund established by IC 5-28-18.

(3) Conduct activities for nontraditional entrepreneurs under IC 5-28-18.

(4) Establish and administer the small and minority business financial assistance program under IC 5-28-20.

(5) Assist small businesses in obtaining state and federal tax incentives.

~~(6) Maintain, through the Small Business Development Centers, a statewide network of public, private, and educational resources to, among other things, inform small businesses of the state and federal programs under which they may obtain financial assistance or realize reduced costs through programs such as the small employer health insurance pooling program under IC 27-8-5-16(8).~~

(b) The corporation may do the following to carry out this chapter:

(1) Receive money from any source, enter into contracts, and expend money for any activities appropriate to its purpose.

(2) Do all other things necessary or incidental to carrying out the corporation's functions under this chapter.

(3) Establish programs to identify entrepreneurs with marketable ideas and to support the organization and development of new business enterprises, including technologically oriented enterprises.

(4) Conduct conferences and seminars to provide entrepreneurs with access to individuals and organizations with specialized expertise.

(5) Establish a statewide network of public, private, and educational resources to assist the organization and development of new enterprises.

~~(6) Operate a small business assistance center to provide small businesses, including minority owned businesses and businesses owned by women, with access to managerial and technical expertise and to provide assistance in resolving problems~~





encountered by small businesses:

(7) (6) Cooperate with public and private entities, including the Indiana Small Business Development Center Network and the federal government marketing program, in exercising the powers listed in this subsection.

(8) (7) Establish and administer the small and minority business financial assistance program under IC 5-28-20.

(9) (8) Approve and administer loans from the small business development fund established by IC 5-28-18.

(10) (9) Coordinate state funded programs that assist the organization and development of new enterprises.

SECTION 9. IC 5-28-17-5 IS REPEALED [EFFECTIVE MAY 1, 2014]. Sec. 5. The board shall designate an employee in the small business division to be the small business ombudsman. The small business ombudsman serves at the pleasure of the board. The corporation shall provide staff support to the small business ombudsman. The small business ombudsman shall carry out the following duties:

(1) Work with state agencies to permit increased enforcement flexibility and the ability to grant common sense exemptions for first time offenders of state rules and policies; including, notwithstanding any other law, policies for the compromise of interest and penalties related to a listed tax (as defined in IC 6-8.1-1-1) and other taxes and fees collected or administered by a state agency.

(2) Work with state agencies to seek ways to consolidate forms and eliminate the duplication of paperwork; harmonize data; and coordinate due dates.

(3) Coordinate with OMB (as defined in IC 4-3-22-3) to perform cost benefit analyses.

(4) Work with state agencies to monitor any outdated, ineffective, or overly burdensome information requests from state agencies to small businesses.

(5) Carry out the duties specified under IC 4-22-2-28 and IC 4-22-2-1 to review proposed rules and participate in rulemaking actions that affect small businesses.

(6) Coordinate with the ombudsmen designated under IC 13-28-3-2 and the office of voluntary compliance established by IC 13-28-1-1 to coordinate the provision of services required under IC 4-22-2-28.1 and IC 13-28-3.

(7) Prepare written and electronic information for periodic distribution to small businesses describing the small business



1 services provided by coordinators (as defined in IC 4-3-22-16)  
 2 and work with the office of technology established by  
 3 IC 4-13.1-2-1 to place information concerning the availability of  
 4 these services on state Internet web sites that the small business  
 5 ombudsman or a state agency determines are most likely to be  
 6 visited by small business owners and managers.

7 (8) Assist in training agency coordinators that will be assigned to  
 8 rules under IC 4-22-2-28.1(c).

9 (9) Investigate and attempt to resolve any matter regarding  
 10 compliance by a small business with a law, rule, or policy  
 11 administered by a state agency, either as a party to a proceeding  
 12 or as a mediator.

13 State agencies shall cooperate with the small business ombudsman to  
 14 carry out the purpose of this section. The department of state revenue  
 15 and the department of workforce development shall establish a program  
 16 to distribute the information described in subdivision (7) to small  
 17 businesses that are required to file returns or information with these  
 18 state agencies.

19 SECTION 10. IC 5-28-35 IS REPEALED [EFFECTIVE MAY 1,  
 20 2014]. (Young Entrepreneurs Program).

21 SECTION 11. [EFFECTIVE MAY 1, 2014] (a) As used in this  
 22 SECTION, "corporation" means the Indiana economic  
 23 development corporation.

24 (b) As used in this SECTION, "office" means the office of small  
 25 business and entrepreneurship.

26 (c) On May 1, 2014, all powers, duties, agreements, and  
 27 liabilities of the corporation relating to the Indiana small business  
 28 development center and the young entrepreneurs program are  
 29 transferred to the office.

30 (d) On May 1, 2014, all records and property, including  
 31 appropriations and other funds, under the control of the  
 32 corporation relating to the Indiana small business development  
 33 center and the young entrepreneurs program are transferred to the  
 34 office.

35 (e) After April 30, 2014, any amounts owed to the corporation  
 36 before May 1, 2014, with respect to the Indiana small business  
 37 development center and the young entrepreneurs program are  
 38 considered amounts owed to the office.

39 (f) After April 30, 2014, a reference to the corporation with  
 40 respect to the Indiana small business development center and the  
 41 young entrepreneurs program in any statute, rule, or other  
 42 document is considered a reference to the office.



1       **(g) This SECTION expires January 1, 2015.**  
 2       **SECTION 12. An emergency is declared for this act.**

